

Innovation, Adoption, Ownership and Productivity: Evidence from Ukraine

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Abstract

Do some types of owners reap larger productivity benefits from innovation and adoption of new technologies? Private firms may have stronger incentives than state-owned firms to make their technology decisions pay off in improved performance, and the effect may be still larger in foreign-owned firms with more experience managing technology in a market environment. We estimate these effects with panel data for the universe of Ukrainian firms in 1999-2007. We find evidence that investment in information technology leads to productivity growth in privately-owned firms, but not state-owned firms. This effect is stronger for domestic owners than foreign owners. In contrast, investment in technological R&D improves productivity in firms of all ownership types, and the differences across types are statistically insignificant.